

IN THE SENATE OF THE UNITED STATES.

FEBRUARY 16, 1889.—Presented by Mr. Manderson, referred to the Committee on Finance, and ordered to be printed.

MEMORIAL OF THE FARMERS' ALLIANCE OF THE STATE OF NEBRASKA, PRAYING FOR AN INCREASED VOLUME OF CURRENCY.

Memorial.

The honorable the legislature of the State of Nebraska :

Your memorialists, citizens of the State of Nebraska, and delegates to the State Farmers' Alliance in annual meeting assembled, respectfully represent:

That the present economic condition of the State of Nebraska and the country generally is anomalous, inasmuch as, while the production of wealth is unprecedented, the condition of the producers of wealth is not improving, but, on the contrary, is retrograding. While no period has witnessed a greater aggregate increase of wealth than the past twenty years, at the same time the farmers of our State are sinking deeper and deeper in debt. It is becoming rare to find farms which are not mortgaged; tenant farmers are rapidly increasing, and failures of country merchants are becoming more numerous day by day. A conservative estimate places the amount of farm mortgages in this State at \$150,000,000, which at 7 per cent. takes \$10,500,000 annually out of the State.

In addition to this private indebtedness, there is a corporate and municipal indebtedness which is of appalling magnitude, and which causes a further exhaustive drain upon the energies of our people.

While the farms of the country are becoming involved in debt, the artisans and laborers are finding the conditions of life harder. Many are idle, many are working on reduced time, and poverty and distress were never more common in our land than now. This causes dissatisfaction and strikes, often riots and bloodshed, exasperates employers, and continually widens and deepens the chasm between labor and capital, which ought to have no existence.

On the other hand, forced by a continually-narrowing margin of profit to reduce expenses and secure safety for investments, manufacturers and dealers are driven to combine to accomplish these ends, and trusts, which seem pernicious and tyrannical, are formed. Meantime there are two classes of men who seem above the reach of adverse financial fortune—money lenders and railroad owners. Of these the former are reaping a harvest of wealth unprecedented in the history of the world.

While we do not wish to complain of the prosperity of any class, we believe that the prosperity of any State is measured by that of all its

people instead of a few of them, and that any nation is surely on the road to decay where a few handlers of wealth absorb the greater proportion of its productions, while its producers remain stationary or grow poorer.

Your memorialists believe that, as these disorders are financial in their character, their causes may be found in the financial system of the country.

First. The volume of the currency furnished by the Government is insufficient to transact the business of the country upon a cash basis, and the people are therefore forced to do it upon a credit basis. This must be apparent at a glance.

In 1865 we had about \$1,900,000,000 currency of all kinds in circulation; we had only 31,000,000 of population, of which 10,000,000 people of the Southern States were then just beginning to use our money. We were then doing business upon a cash basis; we were free from debt and prosperous. We were in that condition in spite of an exhaustive war and solely by virtue of the volume of currency made necessary by the war. We have now of all kinds of money less than \$1,600,000,000. We have over 60,000,000 of population instead of 31,000,000, and our annual production, by virtue of our extended agriculture and the increased use of mechanical appliances, is three times what it was then, thus making a relative decrease of two-thirds in our money value. We are now universally in debt, only a few of our people are prospering, and they at the expense of all the rest. It is obvious from this comparison that the great evil is the restricted volume of money.

Your memorialists believe that to restrict the currency of a people to an amount insufficient to transact its business operates solely to the advantage of the money-lending-class, and is disastrous to all other classes.

Money possesses two powers which are of transcendent importance, the power to fix or measure values, and the power to accumulate by interest. It is an accepted financial law that the value or price of property or products maintain a certain fixed relation to the amount of money available for circulation. With a shrinking volume of money values shrink, and *vice versa*. This law applies to all accepted money. A shrinkage in the volume of accepted paper currencies has the same effect upon prices, productive industry, and prosperity as a shrinkage in the volume of metallic money. This shrinkage may be absolute or it may be relative. An increased population with a proportionately increased volume of business, and the volume of money stationary, would have the same effect as the shrinkage of the volume of money with production stationary.

Money being the instrumentality by which commodities are exchanged, an adequate volume of it means stagnated trade, low prices, diminished reward for labor, restricted production, and an increase of the weight of existing obligations.

This power to fix values, and the power to accumulate by interest are the qualities which give money control over labor and production, and enable the money lenders to accumulate in their hands the greatest share of produced wealth.

The depression of prices and the growing indebtedness of the country have been continuous since the effect to bring the basis of our money to the single gold standard began; in short, since the contraction of the currency relative to production began. This depression must continue and must be aggravated as long as this relative disturbance continues. Prices are only the expression of the relation of money and other things,

and there is no bottom to prices as long as money may grow relatively less in volume. The present economic situation is simply the logical result of the change in these relative conditions, which has been going forward for the past twenty years. A greatly increased population and production, a diminished volume of currency, a continual depression of prices and values, a constantly swelling volume of debt, the depression of labor, a clogging of demand resulting in so-called overproduction, and a prodigious harvest of interest.

Your memorialists invite your attention to the pregnant fact that prices of products measure the reward of labor and the value of interest. As prices shrink the reward of labor diminishes and the value of interest increases. Thus while production brings to the debtor less reward, interest commands more of his products. Hence, in both directions is the indebted producer scathed, while with every successive fall in prices the money-lender commands more of the proceeds of his labor.

The prodigious concentration of wealth in our cities, and in few hands, is also the logical outgrowth of this depression of prices, coupled with the accumulative power of interest. To illustrate this absorption, take for example our four thousand million of watered railroad securities, which bear about 4 per cent. interest. Allow 3 per cent. reloaned semi-annually and the principal will double in twenty-three and one-half years. Say twenty-four years and carry the computation forward for one hundred and twenty years, and we have the enormous sum of one hundred and twenty-eight thousand million, twice and a half the value of all the property of the United States.

NOTE.—Total circulation in 1865: State bank, \$142,919,638; demand notes, \$472,603; one and two year notes of 1863, \$42,308,710; compound-interest notes, \$193,756,050; fractional currency, \$25,005,828; national-bank notes, \$146,137,860; legal-tender notes, \$431,066,428; coin, \$400,000,000; temporary loan, redeemable on ten days' notice, after thirty days, bearing 4 to 6 per cent. interest, and paid out by the Treasury on current account, and entering into the circulation, \$400,000,000 to \$800,000,000.

Take the \$150,000,000 on the farms of Nebraska at 7 per cent. interest, which is less than the interest actually being paid. Reloaned semi-annually it doubles in ten years. Carry the computation forward fifty years, and the prodigious sum of four thousand eight hundred millions is produced.

Your memorialists respectfully represent that the depression in prices, stagnation in trade, recurring labor troubles, and increasing debt can only be arrested by a larger supply of money relative to production; and that this end can not be secured under the present system by which the Government furnishes money to the people.

Money is loaned by the Government on the security of United States bonds at cost of issue, to a small class of citizens, who reloan it to the people at exorbitant rates of interest. It is difficult to see any necessity for the intervention of this small class between the Government and the people. It is also difficult to see why bonds, which are variable in quantity and value, and which may have their value greatly impaired by a public calamity, should be preferred as security to land, which is invariable in quantity, of less changing value, and forms the basis of all production.

Land is the ultimate and natural security for all money. Whether borrowed by the banker, merchant, manufacturer, or farmer, its security and interest for its use must be found in the productions of land and labor. This being the case, your memorialists consider the loaning money direct to the people, on land security, at cost of issue, a more

just and equitable way of putting money in circulation than the present method.

Your memorialists would further respectfully represent that this injustice underlying our monetary system—the monopoly of our money by a small class, and the accumulative power of interest—really underlie most of the complaints which comprise what is termed the labor question. Interest is the basis of rent and transportation charges, and largely determines the wages of labor in our factories and mines. It will be seen that it forms a burden from which no man can hope to escape. That freedom from debt gives immunity from it is a delusion. As long as credit is the basis of our business every consumer must bear his share of the unnecessary burden.

In a country where all are theoretically equal any great injustice in the statute book can not fail to cause discontent and breed social disorder. How much greater this effect when the injustice is so great, and so closely connected with our daily labors and needs.

Your memorialists therefore most humbly pray that your honorable body will adopt a memorial to Congress, asking that body to issue an increased volume of money, to be issued direct to the people on land security at cost of issue, to the end that an adequate medium for the exchange of commodities may be had, the prices of products and labor increased, prosperity restored to the people, and the burdens of debt and interest gradually removed.

And your memorialists will ever pray.

Signed on behalf of the alliance by—

JOHN H. POWERS,
President.
J. M. THOMPSON,
Secretary.

I hereby certify the above to be a true and correct copy of a memorial from the State Farmers' Alliance to the honorable the legislature of the State of Nebraska, January 22, 1889; referred to the committee on labor. Reported back from the committee, with the recommendation to be referred to the Senators and Representatives in Congress, February 9, 1889.

WALT. M. SEELY,
Secretary.

[Seal of the State of Nebraska.]